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9 July 1982

Japan Report

(FOUC 40/82)



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POLITICAL AND SOCIOLOGICAL

TANAKA'S CONTROL OF POLITICAL AGENDA DISCUSSED

Tokyo MAINICHI DAILY NEWS in English 16 Jun 82 p 2

[From "Nagatacho Doings" column by Takehiko Takahashi]

[Text]

Who is it that is actually moving Japanese politics? Ostensibly it should be Zenko Suzuki who is the prime minister and also president of the Liberal-Democratic Party. But in actuality, this does not seem to be the case. Rather, it seems that politics is moving centering on former Prime Minister Kakuei Tanaka who is a defendant in the Lockheed trial.

Lying ahead of Tanaka are the prosecution's argument for punishment to be made this coming autumn and the verdict expected in spring next year. These are two matters that even the boss of the largest LDP faction cannot change. Herein lies Tanaka's distress.

On June 8, verdicts were handed down on defendants Tomisaburo Hashimoto and Takayuki Sato. Since Hashimoto failed to be reelected in the last general election, he is not now a member of the House of Representatives. Nevertheless, he still remains an influential politician of the Tanaka faction. Previously there was a rumor in some quarters that "Sato will probably be found guilty but Hashimoto is likely to be not guilty."

This did not happen and it must have been a shock for Tanaka. Moreover, when the

statement of the verdict is read, if the same argument is applied to Tanaka, it will be difficult for Tanaka to avoid a judgment of "guilty." In addition, although Hashimoto was granted a three-year suspended sentence, it is even said that a suspended sentence will not be given to Tanaka.

What should be done by Tanaka to overcome this disadvantageous environment and to continue holding political influence? This is at the root of Tanaka's political movements at the present time.

The election of the House of Councillors will be held next year. Simultaneous elections of the House of Representatives and the House of Councillors, as in the case of last year, is possible. Even if simultaneous elections do not take place, the atmosphere will strengthen for a dissolution of the House of Representatives after the passage of three years from the previous general election. The possibility is strong that there will be a Lower House election next year.

In the case of Tanaka personally, if the verdict is "guilty" and, moreover, there is no suspended sentence, criticism by public opinion will become stronger than at present. If a general election is held under such circumstances,

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even if the members of his faction are elected as before, the votes cast for them are likely to dwindle considerably. This will be a big blow to Tanaka.

For Tanaka, therefore, it would be most desirable for a general election to be held before the prosecution's argument this autumn and the court's verdict next spring. For this purpose, a study will start being made as to how the extended Diet session can be turned into a dissolution.

Proposed Revision

A good tool for this is the proposed revision of the election system of the House of Councillors national constituency. The deliberations that will take place on the recommendation to be submitted by the Second Ad Hoc Council on Administrative Reform could also provide material for a Diet dissolution.

The proposed revision of the Upper House national constituency election system is being opposed the strongest by the Komeito. If the House Testimony Law is revised, LDP Secretary General Susumu Nikaido could appear in the Diet as a witness — this appears to be the condition whereby the Diet proceedings were returned to normalcy.

It is said that in the background of this is a signal given by the Tanaka faction to

the Komeito that it would like to see the summoning of Nikaido as a witness to be canceled. If that is done, the bill for the revision of the Upper House national constituency will not be permitted to pass the current session.

For the Komeito, preventing the Upper House national constituency election system from being revised is of far greater importance than the summoning of LDP secretary general as a witness.

If the Upper House national constituency election system is not revised during the current Diet session, the political responsibility of Prime Minister Suzuki will be questioned. This is because despite the extension of the Diet session by 94 days to approve the revision of the national constituency, it could not be done "because of the lack of Prime Minister Suzuki's ability in leadership."

It will then become necessary to choose either the resignation of the Suzuki cabinet en bloc or a dissolution of the Lower House. Since discussions will be growing brisk by then over the recommendation by the Second Ad Hoc Council, a Diet dissolution may be selected "in order to ascertain the voice of the people."

If that is done, it will be exactly in accordance with former Prime Minister Tanaka's strategy.

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POLITICAL AND SOCIOLOGICAL

PAPER URGES LDP HOUSECLEANING

Tokyo MAINICHI DAILY NEWS in English 15 Jun 82 p 2

[From "Zooming-In" column by Hideo Matsuoka]

[Text]

A look at the verdict passed on Tomisaburo Hashimoto and Takayuki Sato in the Lockheed payoff trial convinced me that the men on the bench acted according to common sense. If a person holding a public office took money from a person seeking a favor, it is a case of taking a bribe, in our common sense. The chief judge found the two guilty according to common sense.

Did we have to see the case argued for four to five years only to have these common sense verdicts? But democracy, as we know, is a time-consuming governing process. Even if there is a foregone conclusion, a case has to be tried without a procedural fault. Court proceedings cannot cut corners. We fretted while thick-skinned politicians told one apparent lie after another in court, dragging on the trial almost interminably. Even more fretful must have been the judges. We must sympathize with them for put up with what in the Watergate language might be called "misstatements."

The judges put almost unqualified trust in the prosecutors' records of pretrial questioning of suspects and testimonies by witnesses for the

prosecution. Allegations by the defense, as it turned out, did not impress the judges at all. They were completely spurned. For instance, concerning the receipt of money by Hashimoto and Sato, the chief judge ruled, without the slightest hesitation, that the two politicians were aware they were being on the take then.

The verdicts show that both the defendants and their attorneys had been engaged in futile resistance for a long time. They might have known that their efforts, based on falsehood, were of little use, and might have actually expected the kind of rulings they received. But they had the cheek to make light of the trial. Else, they would not have acted the way they did.

The judges had no thought of accepting such a slight. They were aware of the nation's wrath at the corruption in the political world. They feared for the future that Japan would be facing if such corruption were allowed to go unpunished.

Forces representing sound judgement, including the news media and other circles, were also pressing for a housecleaning of the political world. But these forces lack the authority to enforce such housecleaning.

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The authority rested, for one thing, with the politicians themselves, especially the Liberal-Democrats. But this party, dominated by the Tanaka faction with a bulging membership of 109, is clearly moving in a reverse direction.

Do we have to give up hope for cleaner politics? Do the Japanese not have a self-righting capacity? Luckily, we had one more means for righting the wrong. That is the judiciary. If this institution, too, went the way of politics, Japan would be ruined as a country before a nuclear bomb hits it. The verdicts of guilt signify the rising expectations of the Japanese that they now have only the courts to inhibit political wantonry, and to preserve social justice and morals.

Public Sentiment

It is unimaginable that this public sentiment had no impact on the judges. I can sense the ire of the judges as plain human beings. The ire is partly caused by the two defendants' insincerity of trying to call a spade a scoop. More fundamentally, I think the judges wanted to be true to their responsibilities which the people hoped they would discharge.

Both Hashimoto and Sato got a reprieve in the execution of their jail terms. The suspended sentences are a favor to the defendants from the judges. The suspension means the defendants should be thankful and bow out of the court without appealing the verdicts. Hashimoto, already past middle age, may do well to serve as keeper of the temple for which he built a huge Buddha image. The suspended verdict is telling Sato to voluntarily retire from the national legislature and go back to the fishing trade.

There are cases in which letting the convicted defendant

actually do time serves some useful purpose. Kakuei Tanaka will fit into this case. Still on the loose, he is doing all the damage to the Japanese political system. He needs to be put behind bars. There is little need to keep Hashimoto and Sato in total isolation. Even suspended jail terms will serve the purpose. Whether their jail terms are suspended or not, they have been found guilty. Moreover, the jail terms handed out were exactly as asked by the prosecution. This fact gives an added weight to the verdicts.

The trial of Hashimoto and Sato had a minus effect of convincing the nation that politicians think nothing of lying to save their neck. Such distrust in politicians is nothing new. But, having known that the two politicians kept lying for so many years in court, of all places, national distrust in politicians will become so deep-rooted that it cannot be easily eradicated. If the two accused made excuses that they received money but only as political donations, they might not have done so much damage to the trustworthiness of politicians as they have already done. They denied receiving any money in the first place. Even in lying, there is a limit, and they have apparently gone beyond the limit.

A plus effect is that the outcome of their trial has clearly pointed toward the guilt of Tanaka. Any logic to clear Tanaka will require overturning all the verdicts so far out on the Lockheed case defendants. This is unimaginable. The guilt of Hashimoto and Sato is inseparable from the guilt of Tanaka. It is as indisputable as that Yurakucho station is next to Tokyo Station.

Tanaka is hereby advised to give up his futile fight. It is waste of both time and tax money. Why fight when the

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verdict is as good as out already? He had better be prepared to get a guilty verdict in the court of first resort, and gear up for an appeal to a higher court. For the convicted politicians to live with verdicts from the court of first resort, or letting them do so, means the beginning of a housecleaning within the Liberal-Democratic Party.

Another problem concerns the so-called "gray politicians" or politicians in the "gray zone," meaning politicians known to have received money concerning the Lockheed case who escaped prosecution either because of the remoteness of their involvement or due to the statute of limitations. The court's verdicts on Hashimoto and Sato also named other politicians who took money in the case. One of those named was Susumu Nikaido, the party's secretary general who, even after hearing his name mentioned in the Hashimoto-Sato verdict, still kept denying the alleged receipt of money. It is with this liar of a politician that reporters covering the LDP hold press conferences several times a week to get whatever bits of news the liar deigns to impart. Shame on the media! Members of the reporters club at the party headquarters should refuse to hold formal press conferences with Nikaido. They should relay their refusal to Prime Minister and Party President Zenko Suzuki as the club's unanimous resolution.

News Media

News media have two functions. One is to report news as facts — straight reporting. The

other is to perceive the direction of public opinion and work to help it. For instance, in covering events related to anti-nuclear and disarmament movements, media reports should not just be statements of facts. Readers should be able to perceive the reporters' intentions through the writing.

Likewise, reporters should not be allowed to report merely facts, like robots which are without sentiment, concerning the matters of political housecleaning. Some club members may argue that the club is not an institution to make such a resolution. The representative of NHK may find it inadvisable to join such a resolution. Then the club may resolve it by majority rule. If such an action splits the club, I say let it.

Even if the club boycotts Nikaido, the party has a deputy secretary general in the person of Noboru Takeshita. The appointment of a deputy secretary general may indicate that the LDP and the Tanaka faction had expected such a boycott. Takeshita belongs to the Tanaka faction as does Nikaido. Ever, leading figure in the Tanaka faction must be seen with narrow eyes. But, even if it is intolerable for the press to put up with Nikaido, they can make do with Takeshita. Such should be the stand for the media to take on the "gray" issue.

Executives of newspapers and other media must decide their editorial stand as regards the verdicts on Hashimoto and Sato and what is still in store in the Lockheed trial. They may well encourage their reporters on the LDP beat to boycott Nikaido.

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POLITICAL AND SOCIOLOGICAL

SPLIT IN LDP ACTIONS REPORTED

Tokyo MAINICHI DAILY NEWS in English 15 Jun 82 p 1

[Text] The Liberal-Democratic Party (LDP) is sharply split into "ori" and "con" groups regarding the proposed Diet summoning of "gray politicians" suspected of having received bribes from Lockheed, according to an analysis of an opinion poll conducted by the Mainichi.

Tanaka and Nakasone faction members were found reluctant to support the Diet summoning, while members of the Fukuda and Komoto factions as well as the Nakagawa group were in favor, the Mainichi analysis revealed.

The Mainichi conducted the poll, sampling all LDP Diet members, immediately after the Tokyo District Court handed down suspended jail terms on June 8 to two Liberal-Democrats (one a Diet member) for having accepted bribes from the American aircraft manufacturer.

In the poll 50 percent of the Liberal-Democrats replied that "gray politicians" should appear before a Diet session to clarify their positions in connection with the Lockheed scandal.

"Gray politicians" are those suspected of having received bribes even though not indicted. Their names were mentioned in the June 8 ruling.

The Mainichi analyzed the results of the poll to learn who were actually in favor of summoning the "gray politicians" before the Diet, who were against, and who were insisting that Diet members sentenced to a prison term should resign.

According to the analysis, more than 30 percent of the LDP Diet members belonging to the Fukuda and Komoto factions and Nakagawa group said that Takayuki Sato, the Dietman sentenced to a prison

term, should resign. But 20 to 26 percent of those in the Tanaka and Nakasone factions were against his resigning.

With regard to the Diet summoning of "gray politicians," 57 percent in the Fukuda faction, 60 percent in the Komoto faction and 25 percent in the Nakagawa group said that "gray politicians" should accept a Diet summoning, if issued. Only 2 percent in the Fukuda faction and 7 percent in the Komoto faction were opposed to the summoning. Nobody was against it in the Nakagawa group.

Meanwhile, only 6 percent in the Tanaka faction, and 13 percent in the Nakasone faction supported the summoning, while 38 percent and 18 percent, respectively, were opposed.

In the Suzuki faction 14 percent replied that they were in favor of the summoning while 19 percent said they were against.

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SECURITY OF SEALANE ANALYZED

Tokyo KOKUBO in Japanese Jun 82 pp 17-35

[Article by Hirosato Asonuma: "Security of Sealane"]

[Text] Preface

Japan is a maritime country. Although an island country, it is not an "autarkic island nation." This can be said to be the core of the security question.

Since a maritime power depends on the favors of the sea for the major portion of its national power, the national benefit is governed by whether the seas can be used freely and whether it can sufficiently control the sealanes.

Needless to say, Japan's national life and the working of the national economy demand natural resources from overseas, then process them, export finished products and thus obtain wealth and power. In short, it may be said to be made up of a natural resource cycle.

The position of transportation in this natural resource cycle is exceedingly important, and moreover, marine transport occupies the majority of transportation. Without shipping, especially foreign shipping, the natural resources cycle would not function, and since this would signify a danger to Japan's existence, it has a life or death value.

Likewise, we must not forget coastal shipping---the so-called second transportation---which has rendered great service in supporting the vital strength of Japan's industry. This is because it is shipping which makes possible the inexpensive transport of industry's basic materials to the coastal industrial zones in large volume.

We call sea power the comprehensive power of a country which freely uses the seas, has the ability to be able to gain profit from them and guarantee them. The words, "sea power," do not mean only the ability to simply carry out battles on the seas, but expresses the overall ability covering a wide range of activities, such as maritime security functions, shipping operations, the ability for fishing industry activity, harbor functions and shipbuilding ability.

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ty. In addition to these, recently it must be interpreted to include maritime research ability and maritime development capacity.

Japan received a crushing blow to its merchant marine from World War II, but at present it occupies the position of a maritime power which is second in the world in terms of tonnage of shipping possessed. Likewise, it is blessed with good harbors and leads the world in shipbuilding capacity. It holds the top position in the world both in fishing fleets and fish hauls. In short, except for naval defense power, Japan possesses great sea power. As long as it is an era of peace, this sea power is contributing to allowing the resources cycle to function in an extremely stable manner and increasing the national wealth and power. This is because Japan can use the seas freely and the sealanes will not be cut off.

Then, as for the perception of what kind of connection the sea environment has to the national life, it cannot be said that the perception of either statesmen or the people in Japan is very sharp. Consequently, the recognition of the "value of defending them" is somewhat vague.

Let's try to take an example which points out this perception difference. In 1968, England disclosed a policy of withdrawing its troops from east of the Suez. On the other hand, the Soviet Union launched its naval power into the Indian Ocean. When such a change in the strategic environment of the world's oceans occurred, the government of Norway took the trouble to declare and express its fear that "England's withdrawal of troops from east of the Suez produces a grave threat to Norway's sealanes." This was an incident in which it was seen that Norway's political leaders have a mature perception. Reflecting further what happened with the Japanese government, there was a noticeable perception gap. Although Japan is a sea power, it must be said that Japan's oceano-political perception is immature.

These days, U.S. demands for an increase in Japan's defense responsibility are very strong, and within those demands, the call for a defense of the sealanes is most conspicuous. In this manuscript I would like to consider the security of the sealanes which should be a central topic of the security of a sea power.

Japan's Economy and the Sealanes

In order to ascertain what kind of significance Japan's marine shipping has, it is obvious when it is known how much Japan depends on overseas for natural resources.

Graph 1 shows the level of overseas reliance for important natural resources.

In this connection, Graph 2 indicates Japan's trade volume and the transportation situation in 1980.

It can be demonstrated from the general conditions in the graphs what importance shipping has, and Graph 3 shows the effective strength of Japanese ships in Japan's merchant marine (Japanese ships and foreign chartered ships).

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(1) 第1表 主要資源の対外依存度 (79年) (2) (単位: %)

| | (3) 日 本 | (4) ア メ リ カ | (5) 西 ド イ ツ | (6) イ ン グ リ ス | (7) フ ラ ン ス |
|------------------|---------|-------------|-------------|---------------|-------------|
| (8) エ ネ ル ギ ー | 87.0 | 20.6 | 57.7 | 9.3 | 80.3 |
| (9) 石 炭 | 79.2 | △ 9.6 | △ 8.7 | 1.6 | 57.0 |
| (10) 石 油 | 95.3 | 42.3 | 95.8 | 18.9 | 99.0 |
| (11) 天 然 ガ ス | 88.7 | 5.8 | 65.8 | 19.5 | 68.8 |
| (12) 鉄 鉱 石 | 98.6 | 29.7 | 96.9 | 80.7 | 44.4 |
| (13) 銅 | 95.6 | 33.5 | 99.9 | 100.0 | 99.9 |
| (14) 鉛 | 82.4 | 59.9 | 90.9 | 99.3 | 86.0 |
| (15) 亜 鉛 | 68.7 | 70.6 | 71.9 | 100.0 | 87.2 |
| (16) 錫 | 97.7 | 100.0 | 100.0 | 81.8 | 100.0 |
| (17) ア ル ミ ニ ウ ム | 100.0 | 63.6 | 100.0 | 100.0 | △ 230.5 |
| (18) ニ ッ ケ ル | 100.0 | 93.0 | 100.0 | 100.0 | 100.0 |
| (19) 木 材 | 69.2 | 3.8 | 20.7 | 72.9 | 16.0 |
| (20) 羊 毛 | 100.0 | 23.2 | 92.3 | 51.4 | 73.3 |
| (21) 綿 花 | 100.0 | △ 84.4 | 100.0 | 100.0 | 100.0 |
| (22) 大 豆 | 95.4 | △ 51.2 | 100.0 | 100.0 | 97.2 |
| (23) と う も ろ こ し | 100.0 | △ 42.9 | 79.1 | 100.0 | △ 30.0 |
| (24) 小 麦 | 93.0 | △ 147.1 | △ 0.8 | 25.4 | △ 80.2 |

- (25) (備考) 1. 対外依存度は $\frac{\text{輸入量}-\text{輸出量}}{\text{国内生産量}+\text{輸入量}-\text{輸出量}} \times 100$ で算出した。
ただし、銅、鉛、亜鉛、錫、アルミニウム、ニッケルについては、 $(1 - \frac{\text{国内鉱石産出量}}{\text{地金消費量}}) \times 100$ 。木材（丸太及び製材等）については、丸太換算して算出した。マイナスは輸出を表す。
2. エネルギー、石炭、石油、天然ガス、木材は、78年の対外依存度である。
3. わが国のエネルギー、石炭、石油、天然ガスは79年度の対外依存度である。
4. エネルギーは、石炭、石油、天然ガス、電力（水力、原子力）の合計である。
5. 小麦の輸出入は小麦粉も含む。
(資料) Yearbook of World Energy Statistics
FAO—Production Yearbook, Trade Yearbook, Yearbook of Forest Products, World Metal Statistics
鉄鋼要覧、総合エネルギー統計、農林水産省資料
(注) 昭和56年版「通商白書」より

Key:

1. Graph 1: Level of Overseas Reliance for Principal Resources (1979)
2. (unit: percentage)
3. Japan
4. America
5. West Germany
6. England
7. France
8. energy

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9. coal
10. oil
11. natural gas
12. iron ore
13. copper
14. lead
15. zinc
16. tin
17. aluminum
18. nickel
19. wood
20. wool
21. raw cotton
22. soybeans
23. corn
24. wheat

25. N.B. 1. Overseas reliance was calculated by the formula: import amount - export amount ÷ by domestic production amount + import amount - export amount x 100. But for copper, lead, zinc, tin, aluminum and nickel, it was calculated as (1 - domestic ore production amount ÷ metal ore consumption amount) x 100. For wood (logs and lumber), it was calculated after conversion to lumber. The sign indicates exports.

2. Energy, coal, oil, natural gas and wood are figures for the 1978 level of overseas reliance.

3. Japan's energy, coal, oil, natural gas are overseas reliance levels for 1979.

4. Energy is the sum of coal, oil, natural gas and electricity (hydro- and nuclear).

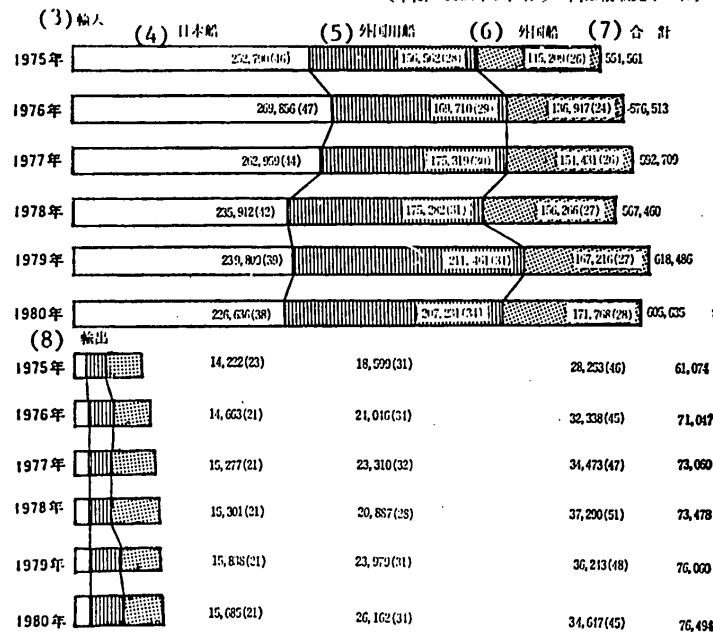
5. Wheat imports/exports include four.

(Data) From Yearbook of World Energy Statistics
FAO--Production Yearbook, Trade Yearbook, Yearbook of Forest Products,
World Metal Statistics
Steel Survey, Comprehensive Energy Statistics, and Ministry of Agriculture and Fisheries data.

Note: From the "Commerce White Paper" published in 1981

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(1) 第2表 わが国の貿易と輸送状況 (提供: 日本船主協会)
(単位: 1000トン, カッコ内は積取比率=%) (2)

- (9) (注) わが国の貿易量は、1980年において、輸入 3億0564万トン、輸出 7,649万トン、合計 6億8,213万トンであり、米国に次いで世界第2位の貿易量となっている。輸入については、日本船による輸送は 2億2,664万トン (積取比率38%)、外国用船によるものは、2億3,387万トン (積取比率34%)、あわせて 4億3,387万トンであり、全輸入量の72%が日本商船隊 (日本海運が支配して運航しているもの) によって輸送されている。
- 一方輸出においては、日本船が1,569万トン (積取比率21%)、外国用船が2,616万トン (積取比率34%) あわせて 4,185万トン、全輸出量の55%を日本商船隊が輸送している。総貿易量の70%が日本海運で輸送されていることになる。
- しかし、日本船によるものは、全貿易量の36%にしかっていない。

Key:

- Graph 2: Japan's Trade and Transportation Situation (supplied by Japan Shipowners' Association)
- (Unit: 1,000 tons, figure enclosed in parentheses is load rate as a percentage)
- imports
- Japanese ships
- Foreign charter ships
- Foreign ships
- total
- exports
- (N.B.) Japan's trade volume consisted of imports of 605.64 million and exports of 76.49 million tons, for a total of 682.13 million tons. Next to the U.S., this is the second largest trade amount. As for imports, transport by Japanese ships is 226.64 million tons (load rate of 38 percent), transport by foreign charter ships was 233.87 million tons (34 percent); for a total of 433.87 million tons

72 percent of all imports are transported by Japanese merchant marine (controlled and operated by Japanese shipping)

On the other hand, as for exports, Japanese ships transported 15.69 million tons (21 percent), foreign charter ships, 26.16 million tons (34 percent), for a total of 41.85 million tons. 55 percent of all exports are transported by Japanese merchant marine. 70 percent of all trade is transported by Japanese shipping. However, that carried by Japanese ships is only 36 percent of all trade.

第3表 日本商船船腹——1890.7月初(単位:1000G/T, カッコ内は隻数)

| | | | | |
|------|-------|----------|-------|---------|
| (1) | 油送船 | | | |
| (2) | (3) バ | | | |
| (4) | ル | 油/乾貨物兼用船 | 3,341 | (41) |
| (5) | キ | 鉱石専用船 | 4,102 | (118) |
| (6) | リ | 搬積船 | 4,528 | (268) |
| (7) | ア | 自動車専用船 | 1,106 | (155) |
| (8) | | その他専用船 | 2,370 | (1,886) |
| (9) | | コンテナ船 | 1,668 | (77) |
| (10) | | 一般貨物船 | 3,516 | (3,001) |
| (11) | | 旅客船 | 1,097 | (711) |
| (12) | | その他 | 188 | (840) |

(注) 1. ここに示す数字は日本国籍を有する100G/T以上の鋼船で、漁船、官公庁船を除いたものである。
 2. G/Tとは Gross Tonnage (総トン) の略で、船の総容積で、100立方フィート(2.83m³)を1トンとした容積トンという。商船の大きさや海運力を比較する場合に使われ、船舶に対する規則や登録税、水先料などの計算基礎となっている。また、商船では他に D/W=Dead Weight Tonnage (載貨重量トン) がよく使用されるが、これはその船の貨物の積載能力を表している。

Key:

1. Graph 3: Japan's Merchant Marine Tonnage beginning with July 1890 (Unit: 1,000 gross tonnage; number of ships enclosed in parentheses)
2. bulk carriers
3. tankers
4. oil and dry cargo ships
5. special ore ships
6. scatter-loaded ships
7. automobile ships
8. other special use ships
9. container ships
10. general cargo ships
11. passenger ships
12. other

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13. N.B. 1. The figures indicated above are steel vessels of more than 100 GT flying the Japanese flag and exclude fishing and government ships. 2. GT is an abbreviation for gross tonnage and is the total capacity of the ship. Tonnage is measured as 100 cubic feet (2.83 cubic meters) equals 1 ton. It is used in comparing the size and shipping capacity of a merchant ship and is the basis of calculation for regulation and registration tax, and pilot fees. Likewise, dead weight tonnage is often used with merchant ships and expresses the carrying capacity of a ship.

Likewise, for your information, Diagram 1 illustrates the transportation situation of Japan's resource imports. When the export shipping network is considered in connection with this, it can be understood that the searoutes supporting Japan's economy are extremely large scale. Compared to the advanced nations of the West, the transport distance is very great and taking iron ore as an example, the average distance is 12,000 kilometers, and container ships carrying export products travel 18,000 kilometers across the Pacific Ocean to New York. (Data from Japan Shipowners' Association)

In this way, maintenance of the stability and security of searoutes of large distances is an important condition ensuring the maintenance and development of Japan's national life and economy.

In order to solve the problem of the searoutes security when the world is at peace, it is sufficient to consider policies limited mainly to economic security, contemplating the stable security of the function of the resources cycle. There are various risks related to the searoutes in this case but we should calculate solely the economic side.

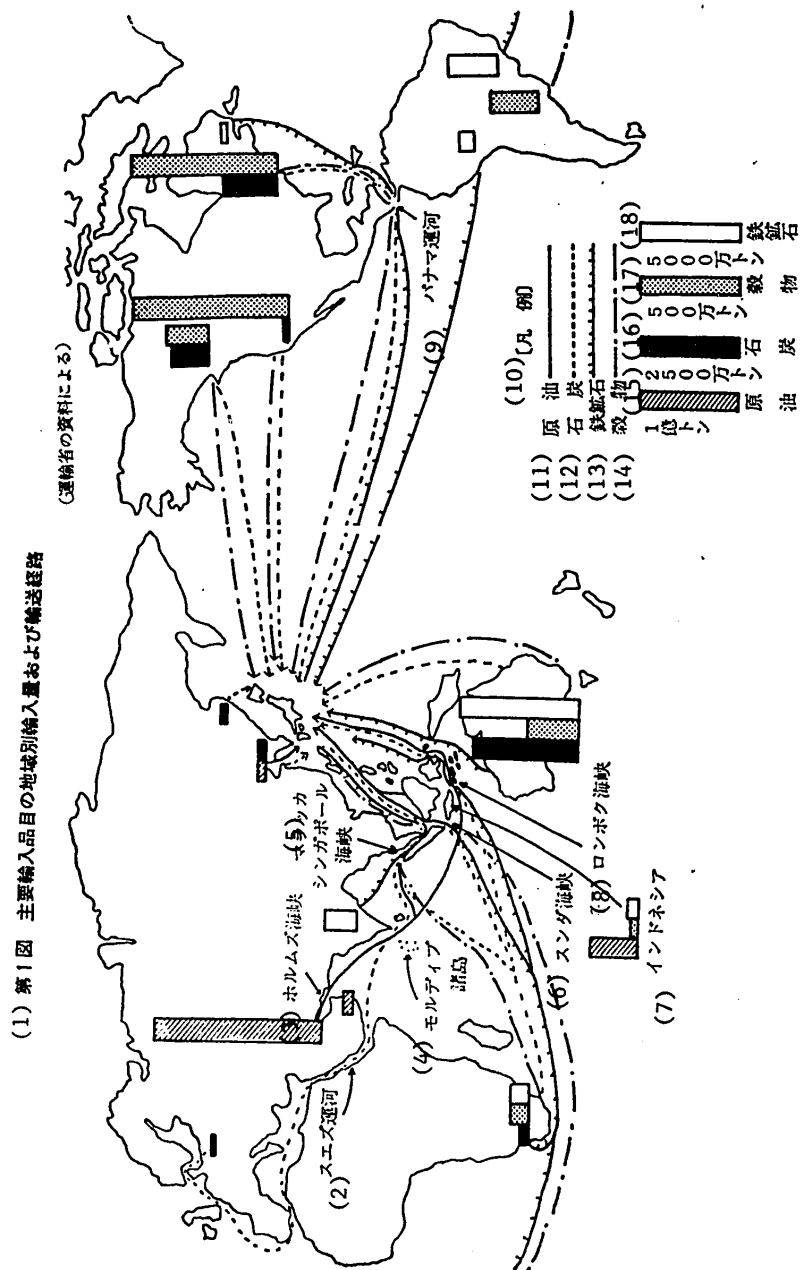
However, at the present time, concerning the problem of resources and shipping, we have been unable to resolve the problem simply with economic theories and the rationale of economics. The oil shock of 1973 taught us that. In short, this says the locus of this problem is not only the economic situation of the supply and demand of resources. Likewise, even though it was localized, we tasted the bitterness of transportation being impeded by the blow from the Iran-Iraq war.

The origin of the oil shock was the fourth Mideast war and the Arab oil producing countries of OPEC, using oil as a strategic weapon, pushed for the withdrawal of Israeli troops. This pointed out that the supply of resources is linked with international politics and military problems. The Suez Canal was closed and shipping was influenced in no small way. This was new to our memory.

Moreover, the matter I would like to take note of is that the searoutes which are vitally connected with Japan's economy have several choke points. As illustrated in Diagram 1, the choke points are Hormuz Strait, Malacca-Singapore Strait, Lombok Strait, Panama Canal, Suez Canal and the open sea route around the southern tip of Africa. These are easily controlled by the countries along the coasts of these choke points.

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Key:

1. Diagram 1: Import Amount and Transportation Routes of Principal Import Products by Region (Data from Ministry of Transport)
2. Suez Canal
3. Hormuz Strait
4. Maldiv Islands
5. Malacca-Singapore Strait
6. Sunda Strait
7. Indonesia
8. Lombok Strait
9. Panama Canal
10. Explanatory Notes
11. crude oil
12. coal
13. iron ore
14. grain
15. 100 million tons - crude oil
16. 25 million tons - coal
17. 5 million tons - grain
18. 50 million tons - iron ore

When the situation is viewed in roughly this way, it is very clear that Japan's sealanes are vulnerable. This is the reason why an extensive, diverse risk management is necessary to resolve the risk of international tension.

General Statement on Crisis Management in Shipping

In considering crisis management in shipping, we need to examine the risks related to the sealanes. Even in a time of peace, there are diverse risks. Some of the risks are a supply suspension in countries supplying resources, economic blockade, damage from the development of a crisis in the loading ports or transit ports, obstruction of the loading of commodities, navigation regulations in the choke point areas of the sea routes. We must also consider that if an international dispute occurs, the disputing countries may expropriate ships and the shipping supply and demand will become tight. Also, if there are dangerous ocean areas, we will be obliged to take roundabout routes.

Concerning these risks which would impede the resources cycle, we must not simply think that we can solve them merely by maintaining and ensuring shipping strength. If we are challenged by a military war which destroys sea transportation (guerre de course), the situation will be even graver.

Concerning shipping risk management in a case in which military risks do not have to be considered, considerable research is already being done in terms of shipping administration and several countermeasures have been set forth. Namely, these are, along with planning the ultra-automation and modernization of the merchant marine, ensuring excellent crews by planning a rational work=ing system for the crews, and besides working out a favorable tax system for

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shipping businesses, planning the improvement of license standards for planned shipbuilding, and improving and strengthening the requirements for ship construction. That is to say, plant the quantitative and qualitative buildup of Japan's ships.

Likewise, from the standpoint of putting importance on the international connection shipping has, the promotion of international cooperation has special emphasis. Such things can be listed as technological cooperation and financial cooperation related to preparation of a disaster prevention system in order to secure stable navigation conditions in the Malacca-Singapore Strait.

As for the problem of ensuring the stability and security of the sealanes, as referred to earlier, given that a sealane network has been spread out, a resolution of the issue is doubtful without an international cooperation system. Even though the sea control of the sea areas around Japan is in satisfactory condition and we endeavor to ensure the security of 1,000 nautical miles of sealanes, which has recently become an outstanding issue between Japan and the U.S., ensuring the security of the sealanes connected to them in areas of the sea beyond them will not be successful without the cooperation of the various related countries.

In "Present Situation of Japan's Marine Transportation" published in 1981 (by Ministry of Transport, Shipping Bureau), it is reported that: "In order to provide for the stability of Japan's national economy, it is necessary to endeavor to secure the marine transportation routes of important resources and such by establishing stable, friendly relations with the various countries by means of promoting economic and technological cooperation." At the same time, it was stated that since international conflicts, such as the Iran-Iraq war, exert an influence on Japan's shipping, it is necessary to immediately advance an investigation of an information communication system in order to ensure the security of Japan's merchant marine in times of emergencies, making the most of this current experience.

Namely, although not a critical case in which Japan must exercise protection of navigation (defense of the sealanes), a case in which shipping is impeded by an international military dispute is already a reality. Looked at from a global perspective, this kind of risk cannot be kept from occurring even in an environment which can be described as "peaceful."

Since last year, the Transportation Policy Deliberative Council, an advisory body of the Ministry of Transport, was allowed to start "comprehensive security sectional meetings" and deliberated countermeasures to secure stability of marine transportation; a proposal was made regarding risk calculation and risk management policies. It is a sarcastic way of saying it but perhaps it may be estimated for the present that Japan has gradually made a start toward being a mature sea power. However, what I would like to emphasize here is that, although an amplification of what has already been stated, the problem of ensuring the security of the sealanes is precisely an economic, political issue (eco-politico-military issue), and the question of resources is not separated from it. Its military correspondence cannot be excluded. Indded

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it must be founded on the philosophy and science of a sea power. It goes without saying that it is not subsumed merely in one administrative agency.

In other words, it must be said that shipping crisis management is both in name and in reality an extremely high level priority project within a comprehensive security.

Shipping Crisis Control in World War II

1. Shipping Regulations

In considering Japan's shipping crisis control, the actual past record must be consulted heavily. In these paragraphs, I would quite simply like to trace how Japan's shipping crisis control was carried out in World War II. The key-points can be narrowed down to how were shipping regulations carried out and in what way were ships protected.

After the start of the China Incident, Japan's shipping went through several stages and the form of shipping regulations changed. Eventually, it progressed to a form of centralized management by the government according to the "Wartime Shipping Regulations Act."

Before World War II, Japan has a merchant marine of approximately 638 million tons and boasted of being the world's third largest shipping nation. Merchant ships which just before the outbreak of the war were the target of the "guerre de course" by Allied submarines, were attacked by aircraft and were expropriated by the army and navy, and were engaged in strategic transport suffered a death blow in naval battles. At the end of the war, shipping had declined to about 1.4 million tons. Furthermore, since unnavigable ships amounting to 500,000 tons were included in this, ships capable of working were barely a pitiful 900,000 gross tons. And almost all of them were inferior ships designated for war and hastily constructed during the war, and besides these, there were superannuated, inefficient ships.

And when changes in the shipping regulation system are pursued, they followed a very complicated course. The shipping businesses' ordinary practice is to carry out activities of free competition with the pursuit of profit as the motive. That is, respecting the "principle of free shipping" and Japan's shipping prior to the war was just that. Consequently, even though they received government assistance, their disposition was one of dislike for strong government interference.

However, with the outbreak of the China Incident as the occasion, government interference was expected from the general state of affairs in shipping enterprises and given the environment of the enactment of the National Mobilization Decree. Then because of their intent to try to somehow avoid such a turn of events, they independently created a system of self-governing regulations. This was in July 1938.

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In September 1938, the government enacted the "Temporary Shipping Regulations ACT," and since this law was made in order to regulate general transportation on the seas, faced with the international crisis of the China Incident, it was a law which tried to execute regulations for the protection of ships, assignment of ships, shipping charges, charter fees, shipbuilding, crews and ship equipment. However, the framework of the aforementioned shipping enterprises' self governing regulations was maintained to the utmost and so the exercise of this law was shelved

Nevertheless, the China Incident lasted a long period of time, and along with the increase in transport of important merchandise (staple products), Japan was afflicted with a lack of ships. And with this, strong regulations finally became necessary. In September 1939, under such circumstance, the structure (according to a government and private sector cooperative formula of shipping regulations which included distribution of ships) was made. However, the situation of the world's shipping abruptly became constrained due to the outbreak of war in Europe, and the management of the situation was difficult simply with regulations which had advanced by then from self-governing regulations to comprehensive shipping regulations due to government and private sector cooperation. And so a switch to stronger government regulations could not be avoided.

In February 1940, because the "Temporary Ship Control Act" was insufficient, the "Shipping Regulations Act" was enacted and promulgated. Its content prescribed a shift to a shipbuilding license system, government order for the acceleration of ship repairs, and a government order for the loan and commission of ships for the promotion of efficient operation of ships and a license system for foreign charter ships. Also included were clauses limiting or forbidding navigation in dangerous areas and the transport of war contraband.

In September of the same year, the "Shipping Regulations National Policy Prospectus" was decided at a cabinet conference, and furthermore, in August 1941, "Wartime Shipping Control Prospectus" was decided at a cabinet meeting. The prospectus was made with the aim of placing ships, crews and shipbuilding under government control in order to plan for the centralized management of all Japanese ships, the establishment of battle preparedness of crews and the rapid and broad expansion of ships in anticipation of successful operation of wartime shipping. As for the format of government control, a special organization was set up based on the mobilization decree and it was allowed to administer control of ships, crew control and shipbuilding control.

The reason why such a prospectus was decided at a cabinet meeting was that it was not possible to force ships to sail in dangerous waters with the regulations in existence until then. That is, since the ships belonged to private enterprises, even though the shipowners consented, it was anticipated that the crews would refuse to sail and there was the fear that ship assignment would be impossible.

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Using this prospectus as the pattern, the "Wartime Shipping Control Act" and the "Wartime Shipping Control Act Regulations" were enacted and promulgated in March 1942. Before that, with the outbreak of the Pacific War as the occasion, the Ministry of Communications, Shipping Control Bureau, which had directed shipping administration until then, was abolished and the Maritime Bureau was set up as an extra-ministerial bureau and a wartime maritime affairs administrative structure was prepared and built up.

The "Wartime Shipping Control Act" was a law which had as its objective centralized control over all of Japan's privately used ships and set up a system to assign ships and transportation based completely on government intentions. According to this law, the government acquired the right to use the ships and was allowed to control the leasing of these ships to a special organization, the "Ship Control Organization."

The Ship Control Organization started in April 1942 and this organization was set up with the objectives of allowing the strong national purpose to permeate shipping operations, allowing centralized operations of all ships and to cause an epochal improvement in service efficiency in order to plan the successful execution of shipment of goods for transport use and private use in time of war. And at the same time, in cases where the government made reparations to the traders for damages occurring during the war, the Ship Control Organization received these reparations in place of the various shipping companies.

After the start of World War II, a major problem for the war leadership was how to keep the transport of goods and strategic transport going. Ships, divided into three categories of army, navy and private use were each managed with a different purpose, but with the progress of the war situation, the tendency developed to manage the ships under one purpose as a nation. After the fall of 1942, despite the fact that this problem was argued over and over between the army and navy, agreement on a general outline remained unsettled because of opposition to itemized discussions.

However, with the worsening of the war situation, it was not permissible to leave the situation as it was and in March of the year the war ended, the decision was made for centralized management of the country's ships and harbors by the supreme war leadership council. An inspector general's office was created in Imperial Headquarters; and it was comprised of a number of people from the Ministry of the Army, the Ministry of the Navy, the Ministry of Munitions, the Ministry of Transport and Communications and the Civilian Merchant Marine Committee.

Accompanying the progress of the war situation, unless they somehow set up a centralized management of ships and harbors, the war leadership, of course, would have been faced with crises in the national life and the nation's economic activity. However, this centralized management structure was created at a time when the sea routes from the south had already been cut and sea transport was impeded because the inland harbors and waterways were being bombed and were mined against submarines. Creation of this special structure was unable to satisfactorily increase effectiveness.

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Yasuji Watanabe, navy commander who staffed the marine transportation inspector general's office at that time, made the following reflections after the war, and although the reflections are quite commonplace, they touch the very core. "Pondering over the drastic, basic wartime thinking, unhampered by law or the established system in time of peace, and adapting to the situation, I think it was the best policy, being able to move one right after the other from a peace time system to a war preparation time system and then a wartime system."

2. Protection of Ships

It may be said the policy on crisis control for shipping up until World War II did not provide concrete policies which worked for the safety of long-distance marine transportation extending over a long period of time. Meanwhile, weak consideration was given to protection of shipping within the shipping strategic plans. Consequently, the truth of the matter is that Japan rushed headlong into war with the U.S. with insufficient feeling of urgency about protection of marine transport.

That was expressed quite well in terms of both organization and system and military preparedness. The departments with the main responsibility for the protection of marine transport were very weak, and it was not enough that during the period from 1940 to 1941 four coastal defense ships, worthy of being prototypes, were specially built.

In March of the year hostilities began, a law was enacted---the "Ship Protection Act"---which can be considered to have a deep relationship with today's security of the sealanes. The navy at that time felt it was necessary to make operation regulations and escort of ships inseparable. They insisted on incorporating articles relating to ship operations regulations in this law, but the shipping enterprises, fearing that having such articles would increase the difficulty of operating, appealed to the Diet to limit the navy's directive authority to a minimum. As a result, the navy's intent was not sufficiently incorporated and was limited to being able to provide a minimum of articles necessary for sea route direction and formation navigation.

On the one hand, even in the ideas of shipping strategy and tactics, protection of ships was considered a matter of secondary importance. Military units with responsibility for convoys of ships between Moji and Singapore and Yokohama and Truk were first organized in April 1942, and the implementation of convoys was started immediately. However, that does not mean these units assigned powerful vessels.

Nevertheless, accompanying the changes in the later war situation, escort forces were built and diversion of ships from strategic units took place, and improvement of the organization and escort system was made. With the urgency of the situation, the demand for safe navigation of ships, whether one or many, strengthened, and the Marine Protection Supreme Command was set up, making protection of ships its central idea. But that actually occurred two years after the start of the war.

Looking back at World War II, while it can be fully understood that military forces for the protection of ships were inadequate from the very beginning, the navy's primary tactical purpose was a sharp decrease in enemy fleets. And it cannot be denied that the protection of sea transport, which was simple and never very splendid, was a matter of secondary importance.

The issue of marine transportation and protection of ships in time of war causes contradiction in all respects. Namely, how does one deal with the question of safety and the question of shipping efficiency.

In the above paragraphs, I have tried to take up the question of regulation of shipping and protection of ships during World War II, but in 1941, Vice-admiral Narumi Inoue of the Naval Air Command (later admiral) made an appeal when he wrote "New War Preparations Planning Theory." In that, Inoue took up the importance of preserving the sea transport routes and emphasized the necessity of providing military force for the necessary protection of ships, but because there was no sense of urgency about crisis control of shipping in Japan at that time, it is regrettable that this appeal was not given life. After the war, Admiral Inoue recalled that "it would have been better had I proposed it and had it put into practice at least two or three years earlier; it was already too late the year the war started." That is impressive.

Approach to Security of Sealanes

I have already stated that since last year there has been a noticeable call for defense of the sealanes in the U.S. demand for an increase in Japan's defense obligations. This is the special feature of the resolution submitted by Representative Findley, Republican Party, and 20 other legislators. The resolution is the "resolution on ensuring the security of the sealanes."

Its main purport is that since there has been a further buildup of the Soviet capability threatening the security of the sealanes and free navigation in the Indian and Pacific Oceans, due to the remarkable increase in Soviet naval and air power in those areas, it is necessary for the U.S., Australia, Japan, New Zealand and the ASEAN nations to cooperate and strengthen the security of the sealanes in those areas. And it requests that, especially with regard to Japan, there should be a great improvement in the sealane defense capability for Japan's security, by improving the capability in such areas as mine-laying, air defense and anti-submarine defense. Likewise, in order to facilitate Japan-U.S. mutual tactics, there must be efforts to standardize and consolidate information gathering, communication and logistic weapons systems.

Furthermore, it proclaims that the U.S., Japan, Australia and New Zealand must continuously give support to the ASEAN nations which occupy an important position regarding the (maintenance of the security of) sealanes which run from the Indian Ocean across the Pacific Ocean.

I do not think that Japan has the definitive, absolute expertise concerning the security of the sealanes. However, to the extent one looks at the content of the resolution in the U.S. legislature described above, in reality, it

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can be considered as coming close to what Japan should be considering. This is my frank feeling.

As I have already mentioned when presenting the present situation of Japan's shipping, the sealane network necessary for Japan covers an extremely wide area. It goes without saying that international cooperation is necessary to ensure the security of these sealanes.

It is thought that the "International Treaty on Marine Search and Rescue (SAR Treaty) will perhaps produce mutual cooperation on an international basis regarding disasters and shipwrecks in time of peace. This treaty was adopted in April 1979. Its purpose is to create a global sea disaster rescue system by having coastal countries mutually cooperate and share the responsibility for search and rescue in set areas of the oceans in order to promptly and effectively rescue people in disasters on the seas.

The content of this treaty is as follows: 1. Coastal countries will determine search and rescue areas under an agreement with neighboring countries and will bear the responsibility for search and rescue activities within that area. 2. In order to do so, coastal countries will provide the necessary organization, system and facilities in order to suitably and sufficiently carry out search and rescue activities. 3. They will maintain a cooperative system with neighboring countries. 4. They will provide a system sharing needed information, such as introduction of a ship locating and reporting system useful in making the search and rescue activities prompt and effective.

Regarding this treaty, it is necessary for Japan as a sea power to ratify it as quickly as possible and become a treaty country.

In considering countermeasures for ensuring the safety of the sealanes, we must always grasp as a nation in a focused manner the movement of ships which are the object to be protected. Likewise, concerning the risks which hinder the safety of the sealanes, it is necessary to understand the present situation as much as possible. In particular, it is necessary to endeavor to always understand the "position and military force" of submarines and the like which attempt to militarily challenge the sealanes.

We will have the key to ensuring the safety of the sealanes only after there has been a continuous accumulation of such efforts. Preparation of an information system is one of the first things which must be considered a priority.

A condition for the international treaty alliance and a milestone for solving the problem is that the Maritime Safety Agency continues to promote a plan establishing an "ocean information system." It is hoped that this system will prepare an "ocean information center" and will set up a communication system whereby communication is possible with ships in distant locations, and will form an international information network such as the U.S. ship locating and reporting information system (amber system) or the ship locating reporting system of the Philippines, Indonesia and India. An outline of the wide area patrol system and ocean information system of the Maritime Safety Agency are shown in Diagrams 2 and 3.

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Key:

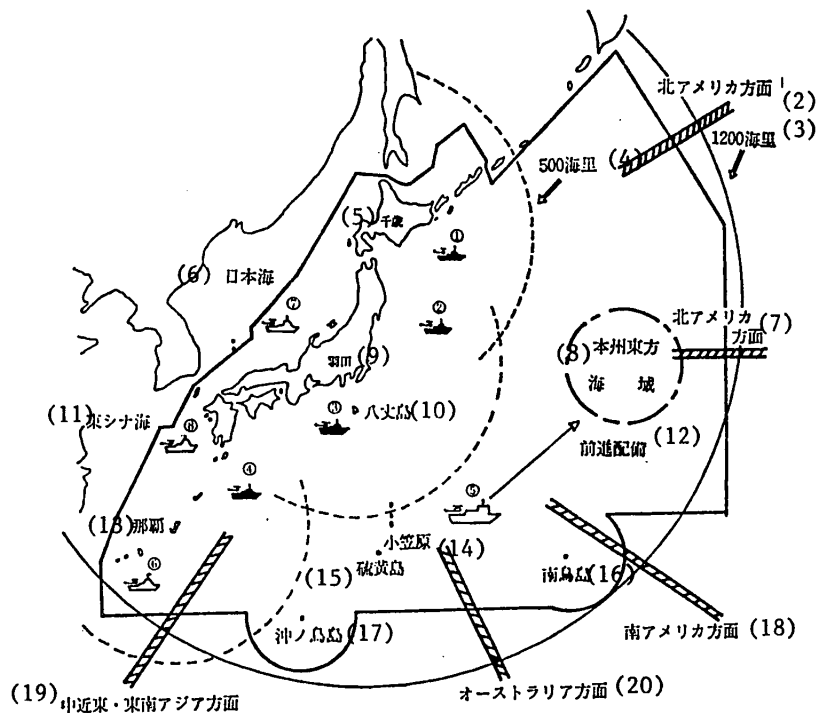
1. Diagram 2: Wide Range Patrol System of the Maritime Safety Agency (provided by Ministry of Transport)
2. North America
3. 1,200 nautical miles
4. 500 nautical miles
5. Chitose
6. Japan Sea
7. North America
8. Sea area east of Honshu
9. Haneda
10. Hachijojima
11. East China Sea
12. forward disposition of ships
13. Naha
14. Ogasawara
15. Iwojima
16. Nanchojima
17. Okinotorishima
18. South America
19. Middle and Near East, Southeast Asia
20. Australia
21. N.B.
22. area intended for wide range patrol
23. major transportation routes
24. helicopter carrying patrol ships' usual area of disposition
25. In these four areas, situations will be dealt with by six already prepared or being prepared helicopter carrying patrol ships.
26. In these four areas, situations will be tackled with new reinforcement of seven helicopter carrying patrol ships.
27. patrol zone for which new large scale aircraft are anticipated (1,200 nautical miles)
28. patrol zone for large scale aircraft (YS-11) (500 nautical miles)

Likewise, concerning the movements of aircraft, warships and submarines which form the plan for a guerre de course, information gathering, together with the Maritime Defense Force's surveillance system and sensor system, can be expected to be effective.

The areas and the ships which are the target of the ocean information system can be considered as follows: ocean liners and open seas fishing ships in the waters near Japan (the area encompassed within 160 degrees longitude east 121 degrees longitude east, 57 degrees latitude north and 17 degrees latitude north), as well as long-distance passenger ships and ships carrying dangerous articles, and Japan's open seas fishing vessels and ocean liners which sail the sealanes in transport of resources.

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(1) 第2図 海上保安庁の広域哨戒体制 提供:運輸省

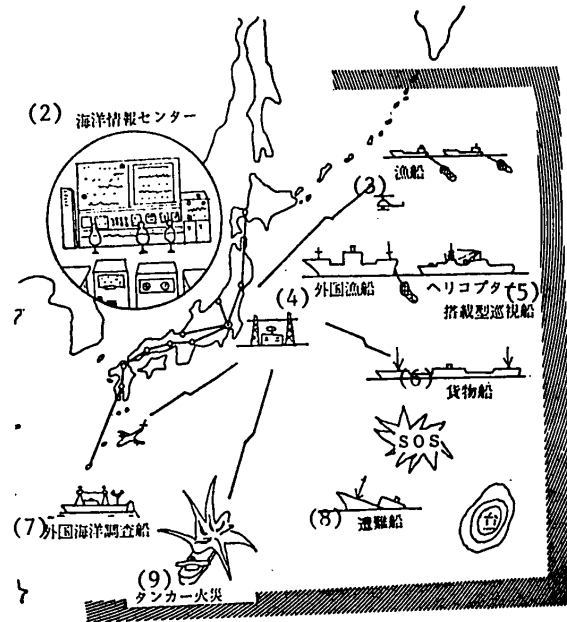


- (21) (注)
 (22) 広域哨戒予定海域
 (23) 主要輸送ルート
 (24) ヘリコプター搭載型巡視船の常時配備海域
 (25) の4海域については、整備済みまたは整備中の6隻のヘリ巡で対応する。
 (26) の4海域については、新たに7隻のヘリ巡〔うち大型2隻〕を増強し対応する。
 (27) 新大型飛行機の予定哨戒圏(1200海里圏)
 (28) 大型飛行機(YS-11)の哨戒圏(500海里圏)

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(1) 第3図 海上保安庁「海洋情報システム」の概要 提供: 運輸省



- (10) (注) このシステムは①海難が発生した場合の捜索区域および援助可能船の決定②外国漁船、外国海洋調査船、不審船等に対する効果的な監視取り締まりの実施③危険水域に接近するおそれのある航行船舶等に対する航行安全情報の提供、など多方面の業務に活用する

Key:

1. Diagram 3: Outline of "Ocean Information System" of Maritime Safety Agency (provided by Ministry of Transport)
2. Ocean Information Center
3. fishing vessels
4. foreign fishing vessels
5. helicopter carrying patrol ships
6. cargo ships
7. foreign ocean research vessels
8. shipwrecks
9. tanker fires
10. N.B. This system will be applied to various functions such as 1. deciding the search area and possible ships for rescue in case of the occurrence of a sea disaster; 2. executing effective supervision

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and control of foreign fishing vessels, foreign ocean research vessels and suspicious ships; 3. providing navigation safety information for ships which it is feared are approaching dangerous waters.

Also, what I would like to emphasize at this time is that the Ocean Information Center of the Maritime Safety Agency and the central command organization of the Defense Agency, and the command, control, communication and information (C³I) system of the self-defense fleet and air squadrons must be kept in close contact. In short, it is very important as a country to establish a total information system to ensure the security of the sealanes.

It is also important to maintain sub-spotting planes, anti-submarine ships and patrol boats. And I think what should be given attention is the establishment of a soft, intensive sealane security system. For this, preparation of a diversified anti-submarine detection system, of course, and preparation of a system of data analysis, verification, evaluation and storage and a command/control system must be hastened. If not, no matter how many P3C's and naval vessels are completed, it will never work effectively.

A situation in which the safety of the sealanes is impeded cannot be simply specified. What can be said with certainty is that a plan has been drawn up in which the freedom of the seas of the Western nations is challenged, given the dramatic buildup of Soviet naval power (including the naval air force) the change in the strategic map due to the Soviet navy's use of bases in Vietnam and the advance of Soviet naval power into the Indian Ocean.

As has already been stated, preparation of an information system in order to ensure the security of the sealanes is urgent, and I want to consider the point that the development of Soviet naval power has several weaknesses. Namely, there are the choke points, which cannot avoid access to the sealanes by the Soviet naval power. It goes without saying that one of these weaknesses is Japan's three straits. The foremost problem is Tsushima Strait. I think the detection system at this choke point or a checking system must be investigated and prepared. Likewise, special consideration is desired concerning the defense of important harbors, which are the terminals of these sealanes.

Postscript

If the political situation in Japan's trading partners is unstable, there will be a lack of stability in the resources cycle. Good examples of that are energy resources and scarce metal resources. On the basis of such a situation, reserves countermeasures were set up in Japan in the past from an economic viewpoint. Certainly, reserve stores give a kind of flexibility to policies on resources and shipping policies, and are effective as temporary substitute measures.

Recently, it has been said that in the U.S. policy on reserves, items and amounts are decided on the basis of an exclusively strategic point of view and the position of ensuring security. Let this be a lesson to us.

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In short, a plan should be developed in Japan concerning reserves of important resources which can withstand an interruption of shipping over a long period of time, giving sufficient consideration to changes in the military environment in the future. And countermeasures must be devised from the view point of ensuring a comprehensive safety, including, of course, granting of strong bases for reserves. We must make preparations to be able to decrease as much as possible reliance on shipping at the outset of a military crisis.

As always, preparing for international tension and international disputes in regions supplying resources, we must plan a diversification of supplier areas, the economization of resources consumption, substitution of other resources and sufficient transportation means. It is necessary to improve the rate of food self-support. Ensuring sufficient transportation means is a matter which must not be forgotten in the security of the sealanes. In short, to make a long story short, it is the equipping of Japanese ships. Preparation of ships for the future will not be limited only to ensuring a set number; an important issue is qualitative changes which can be seen to ensure ships suitable for transportation such as transport of liquefied natural gas, coal and liquefied petroleum gas. Preparation of ships must also be considered.

Likewise, the issue of ensuring qualified crews must not be forgotten. Then it is also necessary to modernize the crew system in order to arrange for a job environment in which the crews can sufficiently demonstrate their abilities.

Finally, what we have to consider is the question of what degree of the flow of ships must be maintained to be regarded as keeping the security of the sealanes.

According to a newspaper report, it is said that at a cabinet meeting on 23 April, the government decided to conclude countermeasures on the basis of ideas from the ministries involved, concerning the defense of the sealanes and the import of food and petroleum resources in time of emergency. In this manuscript, I have pointed out that the issue of sealane security is an eco-politico-military issue, and I feel deeply that the government leaders have finally opened their eyes to sea power.

In a way, there is the fear that the security of the sealanes will lack a finishing touch unless there is a system which puts ships and crews under government control in line with the national benefit in times of emergency. At such a time, I hope that people related to the security of the sealanes in the government will observe in practice the control system of a country which has ship operations regulations system, such as the U.S. and the NATO countries, and along with that, examining the historical facts of Japan's shipping regulations and ship protection during World War II, will prepare countermeasures.

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ECONOMIC

ECONOMIC GROWTH RATE IN NEXT TWO DECADES

Four Percent Growth Seen

Tokyo THE DAILY YOMIURI in English 12 Jun 82 p 1

[Text] A panel of economic advisers to the prime minister projected Friday Japan can achieve an inflation-adjusted average economic growth rate of around 4 percent a year in the next two decades, a rate slightly higher than what is generally believed possible in other industrial democracies.

The projection was contained in a report published by the Economic Council which discussed in the past year what Japan would look like in the year 2000.

The report, titled "Japan in 2000," was based on earlier recommendations from six subcommittees. But it dropped some of them, including controversial proposals calling for the acceptance of foreign workers and the liberalization of the farm produce market.

Government officials said the report will provide "important data" for drawing up Japan's economic policies, including a new five-year economic plan to be drafted by the council in the months ahead.

The 4 percent growth rate will be possible because, for one thing, Japan is expected to maintain an internationally high level of workers aged 15-64, the report said.

Another reason is that the savings rate—the proportion of take-home income put into savings accounts—will decline at a slower pace than in other industrial countries, from 19.4 percent in 1980 to 16-17 percent in 2000 offering capital enough for investments to sustain the 4 percent growth rate, it said.

"The world economy in the 1980s is in an adjustment period to establish a new order," the report said.

"If it overcomes energy, population and other problems, the 1990s will be period of multipolarized stability" where major economic blocs such as Japan, North America and Western Europe will enjoy relative stability.

Based on that assumption, the report said that:

- Japan will account for 12 percent of the world's gross national product (GNP) in 2000, up from 10 percent at present.
- Japan's population will peak at 130 million in 2008, with one out of every 6.4 persons aged 65 or older compared with one of every 11 currently.
- It will be possible to establish prices on domestic farm produce comparable to European Common Market levels if freer trade in farm land and other conditions are met.

- People in primary industry will be halved to 5 percent, those in secondary industry will drop to 33 percent from 35 percent while those in tertiary industry such as services will rise to 62 percent from 55 percent.

Wholesale Prices Dip

Japan's wholesale prices recorded the first month-to-month decline in five months in May, reflecting drops in the prices of both export commodities and imported goods as a result of the yen's appreciation in the month, the Bank of Japan announced Friday.

The central bank said the May wholesale price index stood at 135.6 against 100 in 1975, up 1.3 percent from a year earlier but down 0.6 percent from April.

The bank said the prices of imported goods such as crude oil and raw sugar, decreased 2.1 percent from the previous month, due to a 3.2 percent rise in the yen's exchange rate in the month.

It said the yen's value stood at 237.09 to the dollar in May on the average against 244.97 in April.

The wholesale prices of export commodities like steel and automobiles also declined by 2.1 percent from the preceding month.

The prices of domestically

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produced goods also declined 0.1 percent

Bank of Japan officials said the wholesale price index was expected to register a 0.5-0.6 percent rise in June from May as the yen's value has been declining again recently

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Growth Rate in Next Two Decades

Tokyo MAINICHI DAILY NEWS in English 12 Jun 82 p 5

[Text]

A panel of economic advisers to Prime Minister Zenko Suzuki projected Friday Japan can achieve an inflation-adjusted average economic growth rate of around 4 percent a year in the next two decades, a rate slightly higher than what is generally believed possible in other industrial democracies.

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ECONOMIC

GROWTH TARGET FOR 1982 SEEN DIFFICULT TO ATTAIN

Tokyo MAINICHI DAILY NEWS in English 15 Jun 82 p 6

[Text] A slow growth of only 2.7 percent in the national economy in fiscal 1981, ended last March 31, has strengthened the prediction that Japan's economy will not grow as fast as is hoped by the government this fiscal year.

The government has earmarked a 5.2 percent growth for fiscal 1982.

On Friday, however, the Economic Planning Agency disclosed that the gross national product (GNP) increased only 2.7 percent during the one-year period ended last March.

The lackluster growth, that compared with a revised estimate of 4.1 percent by the government, resulted mainly from three factors, according to economists.

In the first place, personal consumption remained stagnant as disposal incomes dropped again in fiscal 1981.

Secondly, the business conditions of small enterprises, greatly relying on personal consumption and housing, both in depressed conditions, worsened and their investment activities were dampened.

Thirdly, exports failed to grow amidst a global recession centering on the United States.

These factors remain unchanged in the current fiscal year, say the economists.

Many of them say that unless the Japanese economy becomes very much buoyant later, it would not be able to achieve the projected growth of 5.2 percent.

Suppose the economy continues growing at an annual rate of 3 percent or so in the first half of this fiscal year — a rate recorded the last quarter of last fiscal year, a 5.2 percent growth will require a growth of 7 to 8 percent in the second half. Such a rapid growth, however, is very difficult to expect under the prevailing situation, say the experts.

Should an upturn not materialize in the second half, the current fiscal year will again record a mediocre growth rate of less than 3 percent, according to the same economists.

One way to stimulate the economy is to lower interest rates, including the discount rate of the Bank of Japan, but

this is hardly possible when interest rates in the United States are likely to stay at very high levels.

Another way left open to the Japanese government, according to the economists, will be additional expenditures for public works projects during the second half of the current fiscal year.

The government has already decided to spend a majority of public works budgets during the first half as a measure of stimulating the economy. Additional expenditures are designed to maintain the pace of public works projects in the second half also.

This, however, will entail extra funding which might be prepared only through the flotation of additional national bonds — a step the Finance Ministry is most unwilling to take.

The economists are thus agreed on the assumption that measures to be taken for the second half will largely determine the shape of the national economy for the entire fiscal 1982.

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ECONOMIC

JAPAN RECORDS \$453 MILLION TRADE SURPLUS IN MAY

Tokyo MAINICHI DAILY NEWS in English 11 Jun 82 p 5

[Text]

Declining oil imports and the yen's depreciation caused Japan's imports to decrease 23.4 percent in May from the year ago level to \$9,903 million, the Ministry of International Trade and Industry said Thursday.

The figures are based on import settlement reports submitted to foreign exchange banks by Japanese firms.

A MITI official said Japan purchased wide-body aircraft valued at \$1,125 million in May last year, which was one reason for the May drop this year.

The country's imports of foodstuffs fell 8.4 percent to \$1,311 million and corn imports chiefly from the United States dropped 32.2 percent.

MITI said imports of oil, lumber and other raw materials came to \$6,137 million, off 24.4 percent.

The MITI official said imports of crude recorded a 34.6 percent decline, reflecting a drop of more than \$3 per barrel in the price of crude oil from May last year.

During the past one year, the official said, the Japanese currency also fell in value from 212.33 yen to one U.S. dollar to

an average 246.68 yen last month.

Japanese imports of manufactured goods fell 27.4 percent to \$2,455 million, although imports of electric machinery and autos grew by 30.6 percent and 240 percent.

Imports from industrially advanced countries totaled \$3,758 million, off 27.7 percent, with the United States accounting for \$1,864 million, off 35.8 percent.

Imports of American corn and lumber registered drops of 35.0 percent and 29.7 percent, while imports of coal and electric machinery posted gains of 35.9 percent and 46 percent.

Japanese imports from the European Community declined 23.2 percent to \$507 million in May, MITI said.

Japan also imported \$5,649 million worth of goods from developing countries last month, down 21.1 percent from a year before, due chiefly to a 32.2 percent drop in crude imports.

Japan's imports from the communist bloc fell 12 percent to \$497 million, including \$397 million from China, off 8.6 percent.

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ECONOMIC

WHOLESALE PRICES DROP 0.6 PERCENT IN MAY

Tokyo MAINICHI DAILY NEWS in English 12 Jun 82 p 3

[Text]

Japan's wholesale prices recorded the first month-to-month decline in five months in May, reflecting drops in the prices of both export commodities and imported goods as a result of the yen's appreciation during that month, the Bank of Japan announced Friday.

The central bank said the May wholesale price index stood at 135.6 against 100 in 1975, up 1.3 percent from a year earlier but down 0.6 percent from April.

The bank said the prices of imported goods, such as crude oil and raw sugar, decreased 2.1 percent from the previous

month, due to a 3.2 percent rise in the yen's exchange rate in the month.

It said the yen's value stood at 237.09 to the dollar in May on the average against 244.97 in April.

The wholesale prices of export commodities like steel and automobiles also declined by 2.1 percent from the preceding month.

The prices of domestically produced goods also declined 0.1 percent.

Bank of Japan officials said the wholesale price index was expected to register a 0.5-0.6 percent rise in June from May as the yen's value has been declining again recently.

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ECONOMIC

FISCAL 1981 GNP POSTS LACKLUSTER 2.7 PERCENT GAIN

Tokyo THE DAILY YOMIURI in English 12 Jun 82 p 1

[Text]

Bouncing back from the first drop in seven years in the fourth quarter of 1981, the Japanese economy grew mildly in the first three months of this year, closing fiscal 1981 with a lackluster 2.7 percent gain, the government announced Friday.

The inflation - adjusted growth in fiscal 1981, ended March 31, was the slowest since fiscal 1974 and far lower than the revised government projection of 4.1 percent, making it impossible in effect to attain a 5.2 percent growth projected for fiscal 1982. Fiscal 1980 saw a 3.7 percent GNP gain.

Preliminary figures from the Economic Planning Agency showed Japan's gross national product (GNP)—the value of total goods and services the nation produced—was running at a seasonally-adjusted annual rate of ¥196,224.7 billion (\$791 billion) in the January-March period allowing for inflation, up 0.8 percent over the previous quarter. The growth translated into 3.3 percent at an annual rate.

The GNP showed a revised 0.7 percent decline in the last quarter of 1981.

Leading the fiscal 1981 growth were exports, which jumped 16 percent, consumer spending, accounting

for more than half the GNP, climbed 1.4 percent.

Business capital spending, another main force of economic activity, slowed to a 0.7 percent rise in fiscal 1981 from the previous year's 5.7 percent increase, substantiating the protracted economic slowdown.

Private housing investment edged down 0.4 percent, improving from a 10.1 percent slump in fiscal 1980.

The performance in the first quarter of 1982 showed the economy was upheld by strong consumer spending during the period rather than exports.

Consumer spending rose 1.0 percent over the last quarter of 1981, while housing construction, business investment and most other sectors of the domestic sector declined.

Exports grew 0.7 percent in the first quarter, largely due to a special factor—increased vessel exports—but failed to recoup the previous quarter's 3.7 percent dive.

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ECONOMIC

FY81 ECONOMIC GROWTH ONLY 2.7 PERCENT

Tokyo MAINICHI DAILY NEWS in English 12 Jun 82 p 1

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ECONOMIC

TOYOTA MOTOR NUMBER ONE EARNER

Tokyo MAINICHI DAILY NEWS in English 10 Jun 82 p 5

[Text]

Nippon Oil Co. retained its lead in sales, Arabian Oil in ordinary profit and Toyota Motor Co. in after-tax profit among 1,316 major nonfinancial businesses in the year ended March 31, a research institute announced Tuesday.

The Wako Research Institute of Economics survey covered 1,316 enterprises listed on the Tokyo Stock Exchange, excluding banks, insurance and securities companies. It then listed the top 20 companies each in sales, ordinary profit and after-tax profit.

In sales, Toyota Motor, Japan's No. 1 automaker, was second as in the previous year. Nissan Motor Co., rose from fourth to third place.

Nissan said the rise in prices more than offset the decline in the number of exported vehicles.

Mitsubishi Heavy Industries, Ltd. joined the top 10 sales list for the first time in two years, reflecting an increase in its shipbuilding division sales. The sales rankings did not include

trading companies.

Separately, Mitsubishi Corp. led again in sales among the major trading houses with more than 14 trillion yen (\$57 billion). The number of trading giants whose sales topped 10 trillion yen (\$41 billion) totaled five, as Sumitomo Corp. newly joined the club.

In ordinary profit, Arabian Oil led for the third consecutive year. But 99 percent of its profit has to go to the Saudi Arabian and Kuwait governments, so the real figure is much smaller.

Matsushita Electric Industrial Co., top home electric appliance maker, rose from 30th to fourth. Hitachi Ltd., the top integrated electrical manufacturer, advanced to fifth from the previous year's ninth and Toshiba Corp. to 12th from 15th.

In contrast, Tokyo Electric Power Co. dropped from third to 10th.

In after-tax profit, Toyota Motor was No. 1 for the second straight year. Nissan Motor advanced from fifth to second.

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ECONOMIC

CARS WILL TAKE THIRD OF WORLD SALES

Tokyo MAINICHI DAILY NEWS in English 12 Jun 82 p 5

[Text]

One out of three automobiles rolling into the international market in the near future will be a Japanese vehicle, according to a report compiled by Toyota Motor Sales Co., the sales arm of Toyota Motor Co.

In a report on the 1981 world automobile production, the company said Japan produced a total of 11.18 million cars, buses and trucks, up 1.2 percent from a year ago, increasing its share in global automobile production to 29.5 percent from 28.3 percent.

Auto production in 1981 around the world fell 3.3 percent to 37.83 million, continuing the downtrend of the preceding year, the report said.

The decline was caused by worldwide recession and the resultant sluggish auto demand, it said.

Passenger car production declined by 1.22 million units to 29.97 million, and output of buses and trucks dropped by 125,000 to 9.61 million, according to the report.

By country, U.S. automakers, which suffered a hefty 30.3 percent production decrease the preceding year, turned out 7.93 million units, a 0.9 percent fall from the previous year.

By region, Asian and Oceania countries led with 12.13 million, up 1.0 percent, followed by Western Europe with 11.7 million, off 6.9 percent.

North American makers produced 9.21 million, off 1.8 percent, and Latin American production dropped 20.8 percent to 1.53 million. The Soviet Union and Eastern European nations made 3.36 million automobiles, off 1.7 percent.

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IMPORTS FELL 23.4 PERCENT IN MAY FROM 1981

Tokyo MAINICHI DAILY NEWS in English 11 Jun 82 p 5

[Text]

Japan recorded a \$453 million trade surplus in May, compared to a trade deficit of \$14 million a year before, the Finance Ministry reported Thursday.

Japan's exports last month totaled \$11,581 million, off 8.3 percent from a year ago while imports came to \$11,128 million, down 12 percent.

The ministry said the country registered a \$1,107 million trade surplus in May after seasonal adjustments, compared to \$745 million in the black a year before.

Japanese exports of motor vehicles totaled \$25,915 units valued at \$2,253 million, down 1.4 percent from May, 1981. Of the total, the ministry said, motor vehicle exports to the United States totaled 207,000, up 0.7 percent, to the European Community, 59,000, off 26.8 percent, and to the Middle East, 66,000, up 29.5 percent.

Steel exports went up 2.6 percent to \$1,435 million but ship exports dropped 39.3 percent to total \$408 million. "Ship exports appear to be on the gradual wane," a ministry official explained.

Imports of crude also sustained a 30.7 percent fall in May to \$3,730 million due to

sluggish demand and a drop in the crude oil price.

But sugar imports more than doubled to \$229 million and the ministry official attributed the sharp rise to an extremely low level of sugar imports a year ago.

Japan's exports to the United States gained 1.9 percent to \$3,104 million in May while imports from that country rose 3.4 percent to \$2,003 million.

The ministry said Japan exported \$1,328 million worth of goods to the European Community, off 27.4 percent and imported \$661 million worth of products, off 1.5 percent.

Japanese exports to Southeast Asia fell 5.4 percent to \$2,690 million and imports stood at \$2,399 million, down 8.1 percent.

Japanese exports to the Middle East totaled \$1,417 million, off 1.5 percent, while imports chiefly of crude and other raw materials sustained a 26 percent drop to \$3,147 million.

Japan's exports to the communist bloc last month dropped 27.7 percent to \$638 million and imports came to \$620 million, off 5.8 percent.

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ECONOMIC

WORST PROFIT DROPS HIT OIL COMPANIES

Tokyo MAINICHI DAILY NEWS in English 10 Jun 82 p 6

[Text] Japan's nine major petroleum companies suffered their worst-ever setback in earnings during fiscal 1981 ended this March because of unprecedentedly large exchange losses caused by depreciation of the yen against the dollar.

Six of the nine posted ordinary deficits, while the three others, though managing to chalk up ordinary profits, also registered substantial declines, according to their unconsolidated financial statements.

This contrasted starkly with the previous fiscal year, when only two firms suffered deficits while all others reported sizable profits — including the biggest ever in the case of Nippon Oil Co. and Kyodo Oil Co.

In this past fiscal year, independent oil firms without ties to major international oil companies took a severe beating.

Maruzen Oil Co., for instance, posted an ordinary deficit of 99.2 billion yen (\$410 million) — the largest ever among companies listed on the Tokyo Stock Exchange. As a result, its liabilities exceeded assets.

Idemitsu Kosan Co. and Daikyo Oil also suffered heavy losses, although they did manage — barely — to prevent liabilities from surpassing assets.

Combined sales of petroleum products by the nine firms came to 215 million kiloliters, down 3 percent from the previous year owing to stagnation of domestic business and the fuel changeover to alternative energy sources. The sales figure represented the second straight annual drop.

Total sales value, however, was up by 7 percent to about 15.840 billion yen (\$65 billion) thanks to two price hikes during fiscal 1981.

Ordinary profits plummeted or vanished primarily due to exchange losses, although the average increase of \$2.30 in crude oil prices was also responsible.

Exchange losses of the nine firms added up to 226 billion yen (\$930 million) as the drop in the value of the yen made imported crude oil costlier.

Exchange profits amounted to 330 billion yen (\$1.34 billion) in the previous fiscal year.

Many of the nine firms sold assets during fiscal 1981 to reduce losses in their ordinary accounts.

Only four of the firms — Nippon Oil, General Sekiyu K.K., Koa Oil Co. and Kyushu Oil Co. — maintained their dividends at the same levels as in the previous year. The five others — Idemitsu, Kyodo Oil, Maruzen Oil, Mitsubishi Oil Co. and Daikyo Oil — reduced or suspended dividend payments.

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ECONOMIC

STEEL PRODUCTION MAY FALL TO 11-YEAR LOW

Tokyo MAINICHI DAILY NEWS in English 11 Jun 82 p 5

[Text]

Worsening prospects for exports are raising fears Japan's steel production will drop below 100 million tons for the first time in 11 years in the current fiscal year.

Major steel manufacturers are forecasting that raw steel production in the July-September period will stop some 1 million tons short of the current quarter's estimated 25.9 million tons.

A steeper-than-anticipated slowdown in shipments both at home and abroad is throwing into doubt an early industry-projected pickup in production, said steel mill officials now busy working out production schedules for the coming quarter.

In mid-April, the Japan Iron and Steel Federation projected production in the year up to next March at 103.5 million, up from 103 million tons in fiscal 1981.

With the elapse of less than two months, this projection is failing to hold.

Although the United States stays as the largest export market for Japanese steel products, shipments to that country are taking severe falls in recent months.

In April alone, the latest month for which official figures are available, exports to the U.S. plunged 31 percent from the previous month, to 366,000 tons.

The downtrend now appears certain to gather further in the months ahead as foreign orders are dwindling.

What is bothering the producers most is a sudden slump in foreign demand for so-called oil-country tubular goods.

The days are gone when seamless pipes were selling fast, making up for declining orders for other products.

Four Japanese tubular steel producers have not yet won any American orders for seamless pipes for shipment in July and beyond.

Present industry projections are for a severe fall in American demand in the coming months, with shipments in the July-September quarter finally falling below 1 million tons.

The number of offshore oil drilling rigs in operation in the U.S., an indicator of future demand for tubular steel, averaged 2,907 in the first week of this month, down from 4,530 late last year.

No quick pickup in domestic demand is seen likely, either.

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ECONOMIC

APRIL PLANT EXPORTS 24.5 PERCENT LESS THAN 1981

Mainichi DAILY NEWS in English 11 Jun 82 p 5

[Text]

Export contracts won by Japanese industrial machinery manufacturers in April totaled 93.58 billion yen (\$381.9 million), down 82.8 percent from the previous month and also off 24.5 percent from the same month of last year, according to the Japan Society of Industrial Machinery Manufacturers.

The society said the sharp decrease was largely in reaction to an unusually high level reached in the previous month.

Export contracts in March hit an all-time high of 545.17 billion yen (\$2,225.2 million).

The decrease also reflected a sharp drop in plant equipment exports. Exports of the item were off 55.1 percent from March at 15.67 billion yen (\$63.9 million).

Meanwhile, industrial machinery orders, both domestic and foreign, in April aggregated 328.29 billion yen (\$1.33 billion), down 22.8 percent from a year earlier.

The society blamed the decline on sluggish orders amid the economic slump.

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